

The Prudential Insurance Company of America
Jan 15, 2020**SERFF #:** PRUD-131979968**Filing Summary:**

Prudential requested approval to increase the premium on the ILTC-1 Series (forms GRP 98720, GRP 98721 & GRP 98722). The company requested different rate increases if the policy had a lifetime benefit period rather than a limited benefit period, also if it had auto inflation or not. The policies were offered in PA from 8/1999 through 12/2008.

ILTC-1 Policy Type	# of Policies	Requested Increase
No inflation & 10-year or lifetime benefits	89	58.20%
No inflation & less than 10-year benefits	319	9.10%
Auto inflation & 10-year or lifetime benefits	482	118.10%
Auto inflation & less than 10-year benefits	1,079	58.20%
All	1,969	69.10%

The Department approved the following.

1. For the 89 policies with no inflation and 10-year or lifetime benefit period, the Department approved a 10% increase on policies issued prior to 9/16/2002 and a 20% increase on policies issued on or after 9/16/2002.
2. For the 319 policies with no inflation and less than 10-year benefits, the Department approved a 9.1% increase on policies issued prior to 9/16/2002 and a 9.1% increase on policies issued on or after 9/16/2002.
3. For the 482 policies with auto inflation, a 10-year or lifetime benefit period, and were issued on or after 9/16/2002; the Department approved two 20% increases, the second to be implemented no sooner than one year after the first. The policyholder will have the option of avoiding the two increases by lowering future inflation indexing from 5% to 3.5%. For those policies with auto inflation, a 10-year or lifetime benefit period, and were issued prior 9/16/2002; the Department approved a 10% increase.
4. For the 1,079 policies with auto inflation and less than 10-year benefits, the Department approved two 15% increases, the second to be implemented no sooner than one year after the first, on policies issued on or after 9/16/2002. The policyholder will have the option of avoiding the two increases by lowering future inflation indexing from 5% to 3.7%. The Department approved a 10% increase on policies issued prior to 9/16/2002.

Effective date of rate change: Renewals on and after 1/15/2019.

The current policies in place are not generating sufficient premium to pay future claims to policyholders. This is a common problem for a number of insurers nationwide because policyholders are keeping their policies longer than expected and are living longer than projected. As a result, policyholders are using more benefits on average than the company anticipated when the policies were originally sold. This means the company has to pay out more for benefits than it originally projected.

In making this decision, the Department considered the projected loss ratio for each block of policy forms, that is, the projected total amount of benefits paid out versus the total amount of premium collected, the reasonableness of the assumptions the company used in its projections, and the company's financial situation. The Department also considered the financial impact this rate increase would pose to consumers, the past rate increases policyholders have faced, and the availability of options to limit the rate increase by reducing benefits.

The company is offering ways for policyholders to limit the rate increase by reducing benefits. The company will let you know your options when they contact you directly about this premium increase.

This Rate Filing Decision Summary is a tool to help explain the rate filing and does not describe all the factors considered as part of the Department's rate review.